



Market Report

A Snapshot of your Market Sector

Beauty Therapy

This pack has been designed to provide information on setting up a business in the Beauty Therapy industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in October 2018. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

What do I need to know about the Beauty Therapy market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ The spa, salon and in-store treatments sector is estimated to **see 1% rise in value in 2017, taking it to £7.57 billion** as more technical treatments encourage people to spend more. The sector has seen slow and steady growth in recent years and is estimated to continue to see growth. In the **best-case scenario, the sector is expected to grow by 8.2%** from an estimated £7.57 billion in 2017 to **£8.62 billion in 2022**, or in the **worst-case scenario grow by 2.5% to £7.76 billion**. Mintel expects the market to **grow by 8.1% to £8.19 billion by 2022** (Mintel, *Spa, Salon and In-store Treatments UK*, September 2017).
- ◆ Revenue is expected to grow at a **compound annual rate of 1.5%** over the five years through **2018-19 to reach £4.1 billion**. This includes growth of 1.7% in the current year. During 2018- 19, revenue is expected to grow by 1.7% in spite of concerns that lower consumer confidence in the wake of the referendum would lead to lower expenditure. Over the next five years, industry revenue is projected to **increase at a compound annual rate of 1.1% to reach £4.3 billion in 2023-24**. (IBISWorld, *Hairdressing and Beauty Treatment in the UK*, May 2018).
- ◆ The United Kingdom skincare market **grew by 1.2% in 2016 to reach a value of \$3,783.5 million**. The compound annual growth rate of the market in the period 2012–16 was 1.3%. **Facial care is the largest segment** of the skincare market in the United Kingdom, **accounting for 79.5% of the market's total value**. L'Oréal S.A. is the leading player in the United Kingdom skincare market, generating a **15.1% share of the market's value**. (MarketLine, *Skincare in the United Kingdom*, November 2017).
- ◆ 2017 was not a vintage year for the cosmetics industry in Great Britain. The value actually **fell by 0.1%**, that's £13.2 million in hard cash and volumes (in packs) fell a full 1%, we **purchased 29.1 million fewer packs than in 2016**. Put this against packaged grocery sales up around 3%, largely fuelled by inflation, and we see that the inflation factor did not seep into prices in 2017. However, with **an industry valued at over £9.76 billion**, it is an important part of the national economy. (Cosmetic, Toiletry and Perfumery Association, *Cosmetic Industry in Figures*, June 2018 tinyurl.com/yczdmwm4).
- ◆ The national organisation for this industry is the [British Association of Beauty Therapy and Cosmetology \(BABTAC\)](#). Other industry bodies include the [Hair and Beauty Industry Authority \(HABIA\)](#), the [Freelance Hairdressers Association](#), the [Guild of Professional Beauty Therapists](#) and the [Hairdressing and Beauty Suppliers Association](#).

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Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **Mintel – Spa, Salon and Instore Treatments – UK (September 2017).** 36% who have had a beauty treatment at a spa, beauty/grooming salon or other treatment area in the last year booked it because they wanted to treat themselves and 20% booked it for a special occasion. Treatments are on the rise, with a higher proportion of people having beauty/grooming treatments in 2017 compared with 2015. Facial treatments have seen the biggest rise, which may be due to the rise of more sophisticated facial treatments such as LED light therapy. In addition, the availability of express facial treatments, offering results in a shorter amount of time, may also be driving up usage
- ◆ **IBISWorld – Hairdressing and Beauty Treatment in the UK (May 2018).** The largest market for industry operators is estimated to be consumers between the ages of 35 to 54, accounting for 48.5% of industry revenue. This segment's contribution to industry revenue has been steadily increasing over the past five years, supported by an improving economy and increased consumer confidence. Nail-care services account for an estimated 10% of industry revenue. The nail-care services segment is highly sensitive to wider economic conditions, as consumers can easily forgo more expensive salon visits and perform their own treatments at home.
- ◆ **Mintel – Beauty and Personal Care Retailing (January 2018).** The largest market for industry operators is estimated to be consumers between the ages of 35 to 54, accounting for 48.5% of industry revenue. This segment's contribution to industry revenue has been steadily increasing over the past five years, supported by an improving economy and increased consumer confidence. Nail-care services account for an estimated 10% of industry revenue. The nail-care services segment is highly sensitive to wider economic conditions, as consumers can easily forgo more expensive salon visits and perform their own treatments at home.

There are also a number of online resources you may find helpful:

- ◆ **The Hair and Beauty Industry Authority (HABIA)** (tinyurl.com/yat7pc35) has published a variety of sector statistics, including figures on industry size and turnover, geographical segmentations and demographics by age and gender.
- ◆ **My World of Work – Beauty Therapy** (tinyurl.com/y75juv7o) - Career outlook for beauticians and related occupations.
- ◆ **Global Data - UK health & beauty market set to reach £27bn as it outperforms all other sectors (November 2017)** (tinyurl.com/y9mppxrf) UK consumers will be prepared to pay even more over the next five years, with annual spend per head forecast to rise by £73 to £487, and the market reaching £26.7bn by 2022 according to GlobalData. Skincare is forecast to be the fastest growing subsector out to 2022, rising 27.9%, with much of this due to product innovation in both the mass and premium markets. Skin preparation products such as masks, serums and primers are expected to outperform.

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How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as Yell, Thomson Local or Google Maps
- ◆ Trade specialists like EuroPages (European directory), The Wholesaler or Free Index
- ◆ Business to business (B2B) specialists such as Kompass

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the Companies House website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**



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What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Retaining and Grow Your Customer Base](#) (tinyurl.com/c2fw4o4) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the National Records of Scotland (NRS). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the Census Area Profiles. Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ Understanding Scottish Places has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ Scottish Government Statistics provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ The Scottish Household Survey provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ Office for National Statistics (ONS) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Account](#)" tool

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

Pricing

Business Companion [Pricing & payment guide](#).

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

[BG guides to Marketing](#)

Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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Updated by: Fiona Elliot

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